Available online at www.sciencedirect.com

ScienceDirect

Procedia - Social and Behavioral Sciences 211 (2015) 1049 – 1056

Procedia
Social and Behavioral Sciences

2nd Global Conference on Business and Social Science-2015, GCBSS-2015, 17-18 September 2015, Bali, Indonesia

Foreign Bank Entry and Credit Allocation to SMEs: Evidence from ASEAN Countries

Viverita[a*], Arief W. Lubis[b]. Yosman Bustaman[c], Ririen S. Riyanti[d]

[a,b,c,d]*Department of Management Faculty of Economics and Business Universitas Indonesia, Depok Campus, Depok, 16424,Indonesia*

Abstract

This study assesses the impact of foreign banks penetration based on their mode of entry: *Greenfield* and takeover of previously domestic-owned banks on the credit allocation to SMEs. The results reveal that Greenfield banks tend to lend smaller proportion to SMEs than take-over banks. This result implies that *greenfield* banks have comparative disadvantages in lending to more opaque borrowers, therefore 'cream-skimming' them and prefer to lend to "credit-worthy" customers like large corporations. The findings suggest that without any specific policy from regulators to fulfill the needs of SMEs, foreign banks will always tend to benefit only large corporations.

Peer-review under responsibility of the Organizing Committee of the 2nd GCBSS-2015

Keywords: Foreign bank, Greenfield, Take over, Credit Allocation, SMEs, ASEAN

1. Introduction

Since the early of 1990s Foreign bank entry into domestic banking market changed market structure of the banking industries across the world. The evolution began with Financial Sector Foreign Direct Investment (FSFDI) in emerging Asia, Central and Eastern Europe, and Latin America in min-1990 (Domanski, 2007).It reflected from increasing foreign penetration in a nation's market whether in the form of foreign direct investment (FDI) and/or merger and acquisition (Peria and Mody, 2004). In South East Asia, for example, the wave of openness in banking industry

* Corresponding author. Tel: +62-21-727- 2425; Fax: +62- 21-786-3556.
E-mail address: viverita.d@ui.ac.id

Peer-review under responsibility of the Organizing Committee of the 2nd GCBSS-2015
doi:10.1016/j.sbspro.2015.11.140

originally aimed to increase the competitiveness level of the banking industry and thus banks' efficiency (Williams and Nguyen, 2005).

Scholars have addressed many issues of foreign banks operations, and most of them focused their studies on whether the existence of foreign banks in a nation's banking market provides more advantages rather than disadvantages. The proponents for foreign bank penetration suggests an improvement in the domestic banking system due to the transfer of banking expertise and technology required to improve efficiency of banks in the host country. This condition is expected to improve the efficiency performance of the domestic banking market (See for example, studies by Berger et al, 2001; Bonin et al, 2005; Chen & Liao, 2011; Havrylchyk & Jurzyk, 2011; Weill, 2003). In addition, as the theory suggested the existence of foreign banks will increase domestic welfare as well as reduce interest rate spread in the host countries (Dell'Ariccia & Marquez, 2004 and Sengupta, 2007). Other studies found that foreign bank entry will increase efficiency and stability of the domestic banking market (Boustanifar, 2014), and increases the supply of credit, and lower the interest rate as well as the overhead costs (Beck, et al. 2010).

Foreign banks in general, possess a strong capital buffer from their foreign affiliations therefore they are able to have lower capital costs (Mian, 2006). Furthermore, results from empirical tests suggest that foreign banks operating in developing countries are more efficient and generate more profits than those of local banks drew attention from many foreign investors (See for example Berger et al, 2000; Bonin et al, 2005; Chen and Liao, 2011; Havrylchyk & Jurzyk, 2011; Weill, 2003). In contrary to what is advanced by a large part of the literature, some previous studies revealed that foreign bank entry has negative impacts on the incumbent banks and small and opaque borrowers. For example, Petersen & Rajan (1995) suggest that foreign bank entry will increase competition, and reduce access to credit for small firms as well as their performances (Gormley, 2010). In addition, most of foreign banks prefer to offer credits to profitable and large corporations, and left the unfortunate and un-creditworthy borrowers behind. This premise is supported by some evidences that foreign banks tend to 'cherry-pick" large, profitable and informational transparent firms (Dell'Ariccia & Marquez, 2004, and Sengupta, 2007).

Banks' credit allocation may also vary due to the ownership structure of the banks and types of information they owned. Based on their modes of entry, foreign banks may enter through Greenfield and mergers and acquisition or taking over domestic banks. Greenfield banks are those that enter through direct investment or branches, and tend to allocate their credit to large corporations, since they only have hard information. On the other hand, foreign bank that enter through acquisition tend to lend to both large and small firms since they have benefits of possessing both hard and soft information of the borrower (Claeys & Hainz, 2014). Other studies on credit availability for large corporations and small businesses reveal that such studies mostly support the notion that foreign banks tend to favor credit channeling to large firms. In many cases, lending behavior of foreign banks mostly depend on asymmetric information between new entrants and incumbent banks. As new entrants, foreign banks find difficult to gather small borrowers' soft information, which is lending relationship owned by the incumbents. However, the new entrants have the advantages of possessing advanced credit scoring technology (hard information) in assessing the borrowers (Boustanifar, 2014). Furthermore, Clarke, Cull, &Martinez Peria, Sanchez (2005) concluded that foreign banks tend to provide less lending to small businesses. In contrast, Stiglitz (2002) in Gianetti & Ongena (2012) suggest that foreign banks are unwilling to provide loans to small entrepreneurial firm, while attracting local depositors and safe borrowers. One argument for lower small business lending by foreign banks is that they face several difficulties in channeling fund to small business due to opacity in information regarding the business (Berger, Klapper, & Udell, 2001). DeGryse et al. (2012) differs the lending portfolio composition of foreign banks that operate in Polish market with two mode of entry: Greenfield and takeover/acquisition of domestic banks. The results show that Greenfield banks lend less to entrepreneurs.

A number of empirical studies also found that foreign banks restrict their lending to small and medium enterprises (SMEs) compared to domestic banks. This case was found in Latin America, India, Mid and Eastern Europe, and Pakistan, respectively (See: Clarke et al, 2005 and 2006; Berger et al, 2001; Gormley, 2010; Giannetti & Ongena, 2009 and 2012; and Mian, 2006). Results of these studies should become the regulators' concern, since small business lending is as important as large business lending, especially in developing countries. This is due to the fact that small and medium enterprises (SMEs) play an important contribution in many countries' economy. Altman & Sabato (2005) mentioned that in several OECD countries, the number of SME constitutes more than 97 percent of total firms in each country. Furthermore, there were evidences of less credit to SMEs in countries where state-owned banks have a large share of the banking market (See for example, Beck, Demirguc-Kunt, & Maksimovic 2004; Berger, Hasan, & Klapper

2004). Foreign banks are also bounded by their home-countries root, in which they have different culture, language, supervisory and regulatory structure. This particularly explain the difficulty in gathering the "soft information" regarding small businesses to maintain relationship lending, which is very important in providing services to this client category. The other reason of why foreign banks are less likely to provide funds for small business is that they tend to have a wholesale orientation, while the nominal loan of small businesses in general is smaller than large corporation. Popov & Udell (2010), in their study on the effect of financial distress in home country on SMEs financing in several European countries, found that less SMEs financing is observed by foreign banks with low equity ratio, low tier 1 capital ratio, losses on financial assets.

Previous studies on the effect of foreign bank entry were inconclusive. A number of empirical studies found that foreign banks restrict their lending to small and medium enterprises (SMEs) compared to domestic banks. This case was found in Latin America, India, Mid and Eastern Europe, and Pakistan, respectively (Clarke et al., 2005; Berger et al., 2001; Gormley, 2010; Giannetti & Ongena, 2012; and Mian, 2006). Berger et al. (2001) examined the effects of foreign ownership on lending to informational opaque small firms in Argentina. They found that large and foreign-owned banks face difficulty in extending relationship to opaque small firms. However, one study by Clark et al. (2002) found opposite result. They revealed that large foreign banks lent more to SMEs than large domestic banks in Argentina, Chile, Colombia, and Peru. In addition, Gormley (2010) found that although foreign banks distributed to only few numbers of profitable firms at the beginning, smaller firms, and firms with fewer tangible assets experienced limited access to bank loan in emerging markets. This finding is consistent with Petersen & Rajan (1995), where greater competition will lead to decreasing access to credit. In addition, Zarutskie (2013) urged that age and size of banks will affect their loan portfolios, where young and small banks tend to channel their loan based on soft information, while large banks prefer lend to various borrowers and have diversified loan portfolios.

Compared to the Western countries, contribution of SMEs in Asia to the economies is considered more important (RAM Consultancy, 2005). Moreover, as addressed by Falkena et al. (2001), SMEs also make a major contribution on socio-political stability. A recent study by Wignaraja & Jinjarak (2014) acknowledge the significant role of SMEs in in terms of output, employment and trade in Asian countries, such as Malaysia, Thailand, Philippines, Indonesia, Vietnam and PRC. The results reveal that SMEs in these areas shared on average at 70, 55 and 29 percent to the nations' employment, GDP and exports respectively. It also support the hypothesis that SMEs need to be financially backed by banks, since 80 percent of them depend on bank loan for less than 25 percent of their working capital.

Despite the more important role of SMEs in Asian countries in comparison to the Westerns, studies on small business lending in general, especially with regards to the role of foreign banks in small business credit market, are still limited. Therefore, this study is intended to fill in the gap by providing analysis of the impact of foreign banks penetration on credit allocation, especially to SMEs by investigate the phenomenon of 'cream-skimming' behavior of foreign banks in several ASEAN countries. The result will provide recommendations for regulators and policymakers regarding actions that should be taken to take the best advantage of foreign banks operations in the countries to their economies, through the enhancement of small business lending.

The remainder of this paper is structured as follows. In the Section 2 we present research methodology including model of the study. Section 3 summarized the data and reports the empirical results. Section 4 concludes and provides a number of policy implications.

2. Research Methodology

The existence of foreign banks and ownership has been debatable, considering its advantages and disadvantages. The proponents claimed foreign banks may improve domestic banking system due to technology transferred, therefore increase efficiency ((Berger et al, 2000; Bonin et al, 2005; Chen & Liao, 2011; Havrylchyk & Jurzyk, 2011; Weill, 2003). Meanwhile, the opponents suggested that foreign banks increasing competition in domestic banking market. Previous research suggests that banking competition has a positive correlation with enhancing the welfare, and that the competition could vary depending on ownership structure, concentration and other characteristics (Berger et al, 2004). Therefore, this study hypothesizes that different mode of foreign banks entry will generate different impact on loan distributed to SMEs. Furthermore, as proxy of level of competition we apply concentration ratio which measured by taking the total assets of each bank over total assets of three largest banks.

As suggested by Mian (2006), foreign banks are assumed to have large capital support from its parent company, so they can offer loan to wider range of companies. In addition, they also have access to many sources of funds, which cost them low cost of capital. Furthermore, since SMEs' demand for credit significantly influence by interest charged by the bank, it is expected that increasing in bank's cost of fund will decrease loan allocated to SMEs (Farinha & Felix, 2015).

In order to examine the impact of foreign bank entry on credit allocation to SMEs, we estimate the following model.

$$\left(\frac{P_{it}}{1-P_{it}}\right) = \alpha_0 + \beta_1 \mathrm{Ownership}_{t-1} + \beta_2 \mathrm{Bank\ characteristics}_{t-1} + \beta_3 \mathrm{Macro}_{t-1} + \varepsilon_{it} \quad (1)$$

Where:
P_{it} =Percentage loan to SMEs.
Ownership = A dummy variable with takes value of one if the bank owned by state, zero otherwise; and a dummy variable with takes value of one if foreign bank entered via greenfield, zero if foreign bank entered by taking over domestic bank.
Bank characteristics=control variables for share of non-performing loans at t-1, capitalization (Measured by CAR), costs to total assets, market share (% of bank loan to total industry loan), and competition (Measured by CR3).
Macro_t= macro-economic variables, i.e: real GDP growth and inflation rate.

In order to estimate the model, we employed panel data of 182 listed individual banks in ASEAN-5, consist of Cambodia, Indonesia, Malaysia the Philippines and Thailand from Bureau Van Dijk's Bank scope database from 2006 – 2011. Whenever the data are not provided by Bank scope, we collect data directly from the respective bank's annual financial report.

3. Results

To shed more lights on the characteristics of banks in South East Asian countries included in our study, we first present the overall descriptive statistics of each variable in Table 1 as follows.

Table 1. Descriptive Statistics.

	Loan to SMEs	Greenfield banks	State-owned banks	NPL	CAR	Cost	Mkt Share	CR3	GDP	Inflation
Mean	0.252	0.404	0.071	0.035	0.199	0.015	0.045	0.722	0.054	0.063
Median	0.170	0.000	0.000	0.026	0.158	0.013	0.010	0.799	0.062	0.054
Maximum	1.000	1.000	1.000	0.376	0.773	0.108	0.879	0.843	0.078	0.131
Minimum	0.000	0.000	0.000	0.000	-0.223	0.003	0.000	0.402	-0.023	-0.009
Std. Dev.	0.248	0.492	0.257	0.041	0.121	0.011	0.090	0.148	0.019	0.021
Skewness	1.314	0.390	3.343	4.566	2.461	3.939	5.318	-1.229	-2.685	0.737
Kurtosis	3.948	1.152	12.176	32.890	10.900	30.703	42.056	2.798	10.225	3.206
Jarque-Bera	91.698	47.272	1514.698	11477.530	1017.899	9746.981	19252.080	71.458	952.268	26.008
Probability	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Sum	71.084	114.000	20.000	9.993	56.256	4.149	12.588	203.485	15.282	17.771
Sum Sq. Dev.	17.266	67.915	18.582	0.477	4.086	0.031	2.287	6.185	0.097	0.126
Observations	282	282	282	282	282	282	282	282	282	282

Data in Table 1 shows statistics description regarding variables employed in this study. The portfolio of loans is assessed by examining the proportion of credit allocated to SMEs, corporate, and foreign exchange loans. As the Table reports, on average, all bank in five countries only channelled 25 per cent of their loans to SMEs. Meanwhile, more than 70 per cent of loan distributed by banks in five countries were allocated to large corporations. In addition, when we compared the amount of loan distributed to SEMs between Greenfield foreign banks and take over banks, it is shown that the former lend lesser (40 per cent) than those of take over banks.

Table 2. Average Value of Each Variable by Country

Variable	Mean				
	Cambodia	Indonesia	Malaysia	Philippines	Thailand
SMEs Loan	0.0364	0.2951	0.1438	0.1024	0.2186
Corporate Loan	0.7153	0.4749	0.7421	0.6527	0.5396
NPL	0.0699	0.0381	0.0339	0.0222	0.0796
Market share	0.0579	0.0287	0.0683	0.053	0.0538
CAR	0.4596	0.2365	0.1787	0.1761	0.1596
Cost	0.0405	0.0179	0.0068	0.0157	0.0233
GDP growth	0.0772	0.0588	0.0413	0.0478	0.0325
Inflation	0.0771	0.07	0.0693	0.0512	0.033
CR3	0.6759	0.8022	0.4981	0.5652	0.4459

Table 2 presents the detail values of each variable used in the study based on the country. As we can see from the Table, there is a considerable difference in terms of loan to SMEs in the countries sample. For example, banks in Indonesia tend to lend more to the SMEs (29.5 per cent) than other countries in the sample, while Cambodia's have the least with only 3.6 per cent. This phenomenon consistent with the higher percentage of loans distributed to large firms, where banks in Cambodia lend to more than 70 per cent.

With regards to bank specific variables, the Table also describes that there are significant differences among the countries. In terms of NPL, for instance, although the average NPL of the countries is 3.71 per cent, Thailand has the highest NPL of almost 8 per cent, while NPL of Singapore and Vietnam are well below 2 per cent. Related to the risk level, overall ASEAN banks are well capitalized. Overall CAR of 20.88 per cent is significantly above the recommended level by Basel requirement. The data in general do not show an indication of high market share. Variable costs, which is proxies as personnel expenses over total assets show variety. While most of the countries have average value of below 3 per cent, Cambodia has higher cost proportion, amounting of more than 4 per cent.

Results from estimation of the impact of modes of entry of the foreign banks, bank's specific factors and other environmental variables on the proportion of credit allocated to SMEs are presented in Table 3. It shows that although more foreign banks enter the sample countries as Greenfield banks, they allocated less credit than those of who enter the market by taking over domestic banks. This indicates that take over banks have greater advantages of having information opacity of the SMEs from their incumbent bank therefore enjoys the benefit of having soft information. Moreover, the result regarding takeover banks is consistent with previous study by Degryse et al. (2012) in the context of Polish banking sector. The asymmetry information in lending behaviour between foreign banks and incumbent banks may be the significant reason for the finding (Boustanifar, 2014). This result supported by the fact that state-owned banks that also have greater access to SMEs, therefore channelled more credit to SMEs than those of private banks (Berger, et al., 2001) on the importance of lending technologies in channelling credit to opaque borrowers. In addition, state-owned banks also have other objective other than maximizing profits, i.e: social objectives (Berger, et al, 2004).

Table 3. Credit Allocation to SMEs: ASEAN Banks

	Coefficient (Probability)
Constant	0.2917* (0.0868)
Greenfield	-0.1335 (0.2993)
State-owned	0.2707* (0.0595)
NPL	0.7694** (0.0377)
CAR	0.3492** (0.0303)
Cost	-0.01998
Market Share	0.1086 (0.7855)
Concentration	-0.1842 (0.4381)
GDP	0.1231 (0.8342)
Inflation	-0.7707 (0.1173)
R^2	0.7339
Prob. (F-Stat)	0.0000
No of observation	282

With regards to bank-specific characteristics, among the variables employed in our model, as reported in Table 3, non-performing loans (NPL) has a positive impact on banks‘ lending behaviour towards SMEs. The finding is contrast to what Degryse et al. (2012) found in the Polish market, which found that banks with high NPL are reluctant to provides loans to SMEs because of the perception that SMEs loan possess high level of risk. Therefore, it is interesting to find the reason why high NPL banks, which normally intent to reduce the risk level, were eager to channel loans to SMEs. Literatures in SMEs performance show that SMEs are less prone towards the impact of global financial crisis. In addition, SMEs‘operation, which is mainly domestic, reduces the exposure to global market condition, compared to large corporations that heavily depend on foreign export markets in selling their products. Evidence also showed SMEs are less impacted by the crisis might push banks to channel funds to this type of company. However, we should note that the NPL used in our study is the overall NPL of the banks, not separated NPL for SMEs loans.

Furthermore, when the banks have adequate capital, then they tend to lend more to SMEs. In addition, as suggested by Clark et al. (2002) foreign banks with larger capital have tried to modify their behaviour towards their borrowers by finding new benefits to small and medium business. This implies that banks will expand their markets when they have enough capital to do so. Furthermore, consistent with the theory, the increasing cost of loan will reduce loan proportion to the SMEs since banks need a higher cost to process the data and information from the SMEs that mostly difficult to obtain and it closely related by nature that each SME have their own business characteristic that need different managerial skill, cash flow, and human resource policy (Liu, Margaritis, & Rad, 2011). In addition, as suggested by Clark et al. (2002) foreign banks have tried to modify their behaviour towards their borrowers by finding new benefits to small and medium business. Therefore, we also find that takeover banks channelled more credit to SMEs.

In addition, consistent with the previous studies, the increasing cost of loan will reduce loan proportion to the SMEs since banks need a higher cost to process the data and information from the SMEs that mostly difficult to obtain and it closely related by nature that each SME have their own business characteristic that need different managerial skill, cash flow, and human resource policy (Liu, Margaritis, & Rad, 2011). This result consistent with Farinha and Felix (2015) who suggested negative influence of cost of fund on credit allocated to SMEs. Although insignificant, results from this study indicate positive impact of GDP on SMEs' loan. This implies that a good economic condition will increase loan channelled to SMEs, while unfortunate condition such as inflation will reduce loan to the SMEs.

4. Conclusions

Using the individual bank data from five ASEAN banking markets, this study examines the impact of foreign banks' entry on portfolio lending, especially regarding to credit channelled towards SMEs customers and larger corporations. We separate banks that enter the market according to their modes of entry: Greenfield and takeover. Bank specific characteristics that consist of non-performing loan (NPL), Capital Adequacy Ratio (CAR), ratio of personnel to total assets (Costs) as well as macroeconomics indicators serve as control variables, as well as macroeconomics variables. A vast majority of earlier findings documented that foreign banks channeled less loan towards SMEs clients, a result that can be explained by information opacity of the SMEs clients where foreign banks has limited information on lending relationship.

By applying fixed effect panel data regression estimation, the result of our study can be listed as follows: First, we found that foreign banks that enter the host country's via Greenfield investments tend to channel lower proportion of credit for SMEs, compare to those of takeover banks. This finding can be justified by the capacity of these banks in understanding the characteristics of local SMEs since their domestic partner possess valuable information on the SMEs' businesses, which due to lending relationship. Second, when examining the impact of foreign bank entry on the loan portfolio to the large corporation, this study revealed that in general foreign banks have greater loan portfolio to this types of company.

Based on results of this study, we can draw some conclusions related to foreign bank penetration and SMEs' financing. SMEs have difficulties in access loan from foreign banks can be explain both from supply side and demand side. From the supply side, although foreign banks have larger source of funds, they have difficulty in access soft information from SMEs, especially in the case of Greenfield foreign banks. On the other hand, form the demand side, SMES lack of disclosures and information that systematically can be access by foreign banks (Wattanapruttipaisan, 2003). Moreover, several banks by nature do not focus to fulfil the demand by SMEs clients. Therefore, to support SMEs financing needs, an incentive system might induce these foreign banks to provide more financing to SMEs sector to fulfill not only the needs of large corporations but also the whole domestic economy.

Acknowledgements

This research would not be possible to be conducted without the support of Universitas Indonesia 2013 research grant. The authors would like to acknowledge with thanks audience in the 8th International Conference on Business and Management Research, at Kyoto University, Kyoto, Japan 25 October 2014; and reviewers of the 2nd Global Conference on Business and Social Sciences-2015, GCBSS-2015, 17-18 September 2015, Bali, Indonesia for their invaluable comments. The authors are solely responsible for all errors.

References

Altman, E., Sabato, G. (2005). Effects of the New Basel Capital Accord on Bank Capital Requirements for SMEs. *Journal of Financial Services Research 28* (10), 15-42.

Beck, Thorsten, Asli Demirguc-Kunt, & Vojislav Maksimovic. (2003). Financial and legal constraints to firm growth: Does size matter?" World Bank Working Paper No. 2996.

Berger, Allen N., Iftekhar Hasan, & Leora F. Klapper. (2004). Further Evidence on the Link between Finance and Growth: An International Analysis of Community Banking and Economic Performance. *Journal of Financial Services Research 25*, 169-202.

Berger, A., Demirgüç-Kunt, Asli., Levine, Ross., & Haubrich, Joseph G., 2004. Bank Concentration and Competition: An Evolution in the Making. *Journal of Money, Credit and Banking 36* (3), 433-451.

Berger, A., Klapper, L.,& Udell, G., 2001. The ability of banks to lend to informationally opaque small businesses. *Journal of Banking & Finance* 25 (12), 2127–2167.

Berger, Allen N.Demirguc-Kunt, A, R. Levine and Haubrich, J. G. Haubrich, 2004. Bank Concentration and Competition: An Evolution in the Making. *Journal of Money, Credit and* Banking 36, 433-451.

Bonin, J., Hasan, I., &Wachtel, P., 2005. Bank performance, efficiency and ownership in transition countries. *Journal of Banking & Finance 29* (1), 31–53.

Boustanifar, Hamid. 2014. Information acquisition, foreign bank entry, and credit allocation. *The Quarterly Review of Economics and Finance 54*, 234-338

Claeys, Sophie., Christa Hainz, 2014. Modes of bank entry and effects on lending rates: Theory and Evidence. *Journal of Comparative Economics*

42, 160-177.
Clarke, G., Cull, R., Martinez Peria, M., &Sanchez, S., 2005. Bank Lending to small business in Latin America: Does bank origin matters? *Journal of Banking & Finance 25* (5), 891–911.
Degryse, H., Havrylchyk, O., Jurzyk, E., Kozak, S., 2012. Foreign bank entry, credit allocation and lending rates in emerging markets: Empirical evidence from Poland. *Journal of Banking and Finance* 36 (12), 2949-2959.
Dell'Ariccia,G., Marquez, R. 2004. Information and Bank Credit Allocation. *Journal of Financial Economics*, 84 (2), 299-329.
Falkena, H. B., Roy Bamber, David Llewellyn, and Tim Store. 2001. SA. Financial Regulation in South Africa 2nd ed). P.O. Box 1148, Rivonia 2128.
Farinha, Luisa and Felix, Sania, 2015. Credit Rationing for Portuguese SMEs. *Finance Letters,14*, 167-177.
Gianetti, M., Ongena, S., 2012. Lending by example: Direct and indirect effects of foreign banks in Emerging markets. *Journal of International Economics 86* (1), 167–180.
Gormley, T, A. 2010. The impact of foreign bank entry in emerging markets: Evidence from India. *Journal of Financial Intermediation 19*, 26-51.
Havrylchyk, Olena and E Jurzyk, Emilia. 2012. Inherited or earned? Performance of foreign banks in Central and Eastern Europe. *Journal of Banking & Finance 35* (5), 1291–1302.
Liu, Margaritis, dan Rad (2011) Asymetric Information and Price Competition in Small Business Lending. *Journal of Banking and Finance 35,* 2189-2196.
Mian, Atif. 2006. Distance constraints: The limit of foreign lending in poor economies. *Journal of Banking & Finance 61* (3), 1465–1505.
Peria, M, &Mody, A., 2002. How foreign participation and market concentration impact bank spread Evidence from Latin America. *Journal of Money, Credit, and Banking 36* (6), 511-537.
Petersen, M.A., Rajan, R.G., 1995. The effect of credit market competition on lending relationships.*The Quarterly Journal Economics 110* (2), 407–443.
Popov, Alexander., Udell, Gregory, F. 2010. Cross-Border Banking and the International Transmission of financial distress during the crisis of 2007-2008. The European Central Bank Working Paper Series. Downloaded at: http://www.ecb.europa.eu or from the Social Science Research Network electronic library at http://ssrn.com/abstract_id=1610193.
Sengupta, R, 2007. Foreign Entry and Bank Competition. *Journal of Financial Economics 84* (2), 502-528.
Sturm, J., Williams, B., 2004. Foreign bank entry, deregulation and bank efficiency: Lessons from the Australian experience. *Journal of Banking & Finance 28* (7), 1775–1799.
Sengupta, R, 2007. Foreign Entry and Bank Competition. *Journal of* Financial *Economics 84* (2), 502-528.
Wattanapruttipaisan, Thitapha, 2003. Four Proposals for Improved Financing of SMEs Development in ASEAN. *Asian Development Review 20* (2), 1-45.
Wignaraja, Ganeshan and Jinjarak, Yothin, 2014. Is Finance a Binding Constraint for SME Participation in Trade in Asia? Asian Development Bank Institute. http://www.asiapathways-adbi.org/2014/06/is-finance-a-binding-constraint-for-sme-participation-in-trade-in-asia/ Posted June, 3 2014.
Williams, J., Nguyen, N., 2005. Financial liberalization, crisis, and restructuring: A comparative study of bank performance and bank governance in South East Asia. *Journal of Banking & Finance*, *29* (8-9), 2119–2154.
Zarutskie, Rebecca. 2013. Competition, financial innovation and commercial bank loan portfolios. *Journal of Financial Intermediation*, *22*, 373-396.